

M/045/008

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DIV. OF OIL, GAS & MINING



US MAGNESIUM LLC

238 North 2200 West - Salt Lake City, UT 84116-2921
801/532-2043 - 800/262-9624 - FACSIMILE 801/534-1407

December 20, 2002

Hand Delivered

Lowell Braxton
Director, Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114

RE: Addendum to Transfer of Notice of Intention M/045/008 from Magcorp to US Magnesium

Dear Lowell,

As you know, US Magnesium hand delivered a submittal to the Division on October 15, 2002, which included revised maps, an additional map, and an explanatory letter for inclusion in the transfer application/reclamation contract package ("transfer package") the Division had conditionally approved on September 23, 2002. Following receipt of that information, Division staff contacted US Magnesium and requested that we assist them with preparation of an addendum to the transfer package that would incorporate the information submitted on October 15th. They also requested that US Magnesium provide additional information to fill in the "disturbed acreage" blank in paragraph 3 (c) of the transfer application form.

Since that time, we have been working with Division staff to fulfill their request and have agreed that the most efficient way to create an "addendum" was to revise, and to have authorized representatives of US Magnesium and the Division initial and date, the appropriate pages of the transfer package. The pages requiring revision are page 2 of the transfer application form (disturbed acreage blank), and page 7 (Attachment A) of the reclamation contract form. Attached to this letter are the revised pages, initialed by an authorized representative of US Magnesium as agreed, for review and execution by the Division.

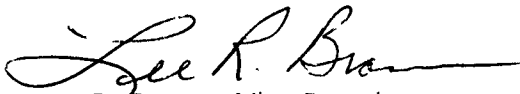
In regard to the disturbed acreage information, we have created an additional map, titled "Solar Ponds Disturbed Area Perimeter Map, RB-904-240," which shows the perimeter of the area within which mining-related disturbance has occurred to date, and includes a total acreage figure for the area within that perimeter (approximately 51,935 acres). As we discussed with your staff, much of the area within the perimeter is comprised either of undisturbed lake bed within the dikes, or the dikes themselves, which will not be actively reclaimed except for the breaches in

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the dikes illustrated in the maps (Sheets 1 and 2) included in the transfer package. The disturbed area that will be actively reclaimed is 62.4 acres, per the transfer package. A copy of the map is enclosed for attachment to the transfer package.

We are confident that with the submission of the addendum and map, we have provided all the information necessary to satisfy the conditions of your September 23rd letter conditionally approving the transfer application, and with subsequent staff requests. Feel free to call Tom Tripp, at 532-1522, Ext. 259, with any questions.

Sincerely,

A handwritten signature in cursive script, reading "Lee R. Brown". The signature is fluid and extends to the right.

Lee R. Brown, Vice President
US Magnesium LLC
Enclosures